SIGA RESOURCES LIMITED

2002 ANNUAL REPORT

CORPORATE PROFILE

Siga Resources Limited is a Canadian Venture Exchange listed company with 13,358,809 common shares issued and outstanding. The Corporation's trading symbol is "SIG".

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NOTICE OF ANNUAL GENERAL MEETING

You are cordially invited to attend the Annual General Meeting of Siga Resources Limited at 10:30 a.m. on December 4, 2002 in the Conference Room at the offices of the Company, located at 400, 333 – 5th Avenue S.W. Calgary, Alberta T2P 3B6. Telephone: (403) 262-5075.

REPORT TO SHAREHOLDERS:

Siga Resources Limited has reached a stage where significant growth can now occur. During the year, we successfully continued to satisfy past financial obligations and to posture the Company for future growth through acquisition and drilling.

Financial

Revenue for the fiscal year ending June 30, 2002 was $244,494, a 28% decrease from the $341,602 revenue realized during the previous year. The lower revenues were expected as a result of the sale the previous year of three high maintenance properties at Queensland, Saskatchewan and Pembina (Keystone) and Provost in Alberta. Higher than anticipated revenues at our Niton Property partially off-set the expected decline in revenue. Total expenses for the year, including depletion and amortization were $285,516, a 16% decrease over last year $341,251. General and Administrative expenses were $113,505 compared to $116,759 the previous year. The net loss for the year was $31,622 ($0.002/share) compared to a net income of $351 (nil/share) the previous year.

Reserves and Production

At November 30, 2001, our reserve life index averaged 18.4 years compared to 16.4 years the previous year. Proved gas reserves decreased to 859 Mmscf from 879, a 2% decrease. Total reserves of oil and gas increased 26% to 235,800 barrels of oil equivalent ("BOE") from 187,000 BOE's at the end of the last fiscal year. Annual sales were 35 BOE per day compared to 29 BOE per day the previous year.

Activities

During the fiscal year ending June 30, 2002, Siga participated as to a 5% working interest in the drilling of a successful gas well at Vulcan, Alberta. The well, Cal-Ranch et al Lomond 9-22-18-22 W4M was cased as a potential two zone Belly River gas well. The well will be shut in pending further infrastructure development in the area. Siga also owns a 6.75% overriding royalty in this well.

At Herronton, Alberta, Siga farmed out its 75% working interest in one section to an industry partner who, subsequent to Siga's fiscal year end, drilled, completed and tied-in a successful Belly River gas well. Siga has an 11.25% overriding royalty until payout and an option thereafter to convert its overriding royalty to a 30% working interest. The industry partner has also, subsequent to Siga's fiscal year-end, licensed a second well on the lands.

General Comments

The Company has been named as a defendant in a lawsuit over the ownership of a 5% interest in our Pembina well. In Management's opinion, this lawsuit is without merit and poses little possible liability.

The management of Siga is committed to fulfilling our obligation to you, the Shareholder. Our corporate objective is to achieve above average growth in the value of our common shares. We intend to achieve this goal by adding low cost reserves, enhancing current production from our existing properties and maintaining careful control of overhead and operating cost.

We wish to thank our Shareholders and the Board of Directors of Siga for their ongoing support and interest in the Company.

Kim A. McKay, President

HIGHLIGHTS

Financial

	June 30, 2002	June 30, 2001	Percentage Increase (Decrease)
Revenue	244,494	341,602	(28)
Funds provide by Operations	22,263	66,403	(66)
per share	$0.002	$0.006	
Net Income (Loss)	(31,622)	351	
per share	($0.002)	nil	
Net Capital Expenditures	60,359	460,426	(87)
Long Term Debt	373,352	450,000	(17)
Shareholder Equity	214,439	179,961	19

Reserves (Proved plus Risked Probable)

Oil and natural gas liquids (MSTB)

Proven	42	41	2
Probable	31	33	(6)
Total	73	74	

Natural gas (Mmscf)

Proven	859	879	(2)
Probable	120	121	nil
Total	979	1000	

PROPERTY REVIEW

BRUCE, ALBERTA

Siga owns a 100% working interest in a shut in gas well at 6-17-50-16 W4M. A surface pump will be installed on this well in the third quarter to pump water out of the well bore.

EYREMORE, ALBERTA

The Company owns a 5.82% working interest in a producing gas well located at 9-22-18-18 W4M. Subsequent to year-end, the Company sold its 7.5% working interest in a marginally economic gas well at 6-9-18-18 W4M.

HERRONTON, ALBERTA

Siga farmed out its 75% working interest in one section to an industry partner who, subsequent to Siga's fiscal year end, drilled, completed and tied-in a successful Belly River gas well. Siga has an 11.25% overriding royalty until payout and an option thereafter to convert its overriding royalty to a 30% working interest. The industry partner has also, subsequent to Siga's fiscal year-end, licensed a second well on the lands.

NITON

The Company owns small working interests in ten (10) producing Jurassic Rock Creek gas wells at Niton. The property has a long reserve life remaining and was acquired for its low maintenance cash flow.

PEMBINA, ALBERTA

Siga owns a 100% working interest before pay-out and a 60% working interest after pay-out in a producing oil well located at 8-12-47-9 W5M. There are two vertical infill locations on the property for future drilling.

VULCAN

Siga participated as to a 5% working interest in the drilling of a successful gas well at Vulcan, Alberta. The well, Cal-Ranch et al Lomond 9-22-18-22 W4M was cased as a potential two zone Belly River gas well. The well will be shut in pending further infrastructure development in the area. Siga also owns a 6.75% overriding royalty in this well.

September 27, 2002

Auditors' Report

To the Shareholders of Siga Resources Limited

We have audited the balance sheets of **Siga Resources Limited** as at **June 30, 2002 and June 30, 2001** and the statements of operations and deficit and cash flow for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards in Canada. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Company as at **June 30, 2002 and June 30, 2001** and the results of its operations and its cash flow for the years then ended in accordance with generally accepted accounting principles in Canada.

Garrett Power

Garrett Power
Chartered Accountants
Calgary, Alberta

Balance Sheet

		June 30		
Assets		**2002**		**2001**
Current assets:				
Cash	$	-	$	9,419
Accounts receivable (Note 6(a))		55,079		59,535
Prepaid expenses		3,167		2,484
		58,246		71,438
Capital assets (Note 2)		773,372		776,298
	$	831,618	$	847,736
Liabilities and Shareholders' Equity				
Current liability:				
Accounts payable (Note 6(b))	$	89,540	$	63,488
Long term debt (Note 3)		373,352		450,000
Due to related parties (Note 6(c))		105,000		105,000
Site restoration costs		49,287		49,287
Shareholders' equity:				
Share capital (Note 4)		1,287,540		1,221,440
Deficit		(1,073,101)		(1,041,479)
		214,439		179,961
	$	831,618	$	847,736

Contingent liability (Note 10)

Approved By The Board of Directors:

Director____________________

Director____________________

Statement of Operations and Deficit

	Year-ended June 30 2002	2001
Revenue:		
Production, net of royalties	$ 244,494	$ 341,602
Expenses:		
Depletion and amortization	63,285	67,784
General and administrative (Note 6(b))	113,505	116,759
Interest on long term debt (Note 6(c))	35,915	15,936
Operating	72,811	140,772
	285,516	341,251
Income (loss) before income tax recovery	(41,022)	351
Recovery of future income taxes (Note 5)	(9,400)	-
Income (loss) for the year	(31,622)	351
Deficit at beginning of year	(1,041,479)	(1,041,830)
Deficit at end of year	$ (1,073,101)	$ (1,041,479)
Basic earnings (loss) per share	$ (0.002)	$ (0.000)

Statement of Cash Flow

		Year-ended June 30		
		2002		2001
Operations:				
Income (loss) for the year	$	(31,622)	$	351
Add: Items not requiring a current cash flow -				
Depletion and amortization		63,285		67,784
Income tax recovery – future		(9,400)		-
Site restoration payment		-		(1,732)
Funds provided by operations		22,263		66,403
Change in non-cash working capital (Note 9)		29,825		(88,047)
Cash provided by operations		52,088		(21,644)
Financing:				
Increase (decrease) in long term debt		(76,648)		450,000
Proceeds on issue of share capital		75,500		-
Advances from related parties		-		105,000
Cash provided by financing		(1,148)		555,000
Investing:				
Acquisition of capital assets		(60,359)		(745,669)
Proceeds on disposal of capital assets		-		285,243
Change in non-cash working capital		-		(63,913)
Cash used in investing		(60,359)		(524,339)
Increase (decrease) in cash		(9,419)		9,017
Cash at beginning of year		9,419		402
Cash at end of year	$	-	$	9,419

Notes to Financial Statements
June 30, 2002

1. Significant accounting policies:

Exploration and development costs -

The Company follows the full cost method of accounting for exploration and development expenditures whereby all costs directly related to the exploration for and development of petroleum and natural gas reserves are capitalized. All expenditures accumulated are depleted or amortized using the composite unit-of-production method based on estimated proven reserves as determined by independent petroleum engineers. Gas volumes are converted to equivalent oil volumes based upon the relative energy content of six thousand cubic feet of gas to one barrel of oil. Proceeds on the disposal of properties are applied against capitalized costs. Gains or losses are recognized only if such treatment alters the depletion rate by more than 20%.

Oil and gas properties are subject to a ceiling test under which their carrying value, net of the accumulated provision for site restoration and abandonment costs and deferred income taxes, is limited to the undiscounted future net revenue from production of estimated proven oil and gas reserves, based on November 2001 average prices (oil $30.16/bbl; gas $3.51/mcf), plus the unimpaired value of non-producing properties less future administration, financing, site restoration costs and income taxes.

Site restoration costs -

Site restoration costs are accrued based on estimates made by management and are charged against earnings as depletion expense.

Joint venture accounting -

A substantial part of the Company's operations are carried out through joint ventures. The financial statements reflect only the Company's proportionate interest in such activities.

Notes to Financial Statements
June 30, 2002

1. Significant accounting policies (continued):

Measurement uncertainty -

The amounts recorded for depletion, depreciation and amortization of petroleum and natural gas properties and equipment and the provision for site restoration costs are based on estimates. The ceiling test is based on estimates of proved reserves, production rates, oil and gas prices, future costs and other relevant assumptions. By their nature, these estimates are subject to measurement uncertainty and the effects on the financial statements of changes in such estimates in future periods could be significant.

Flow-through shares -

The resource expenditure deductions for income tax purposes related to exploratory and development activities funded by flow-through share arrangements are renounced to investors in accordance with income tax legislation. Share capital is reduced and future income tax liability increased by the estimated tax cost of these renounced expenditures.

2. Capital assets:

Capital assets are recorded at cost and are comprised of the following:

	June 30	
	2002	2001
Petroleum and natural gas assets	$ 1,798,020	$ 1,737,661
Other assets	18,557	18,557
	1,816,577	1,756,218
Accumulated depletion and amortization	1,043,205	979,920
	$ 773,372	$ 776,298

There were no general and administrative costs capitalized in either year.

Notes to Financial Statements
June 30, 2002

3. Long term debt:

The long term debt consists of a revolving line of credit loan bearing interest at prime plus 1.75%. Although the loan is payable on demand, management does not anticipate any principal repayments will be required in the next year. At June 30, 2002 and 2001, the Company was in breach of certain loan covenants.

The loan is secured by a general security agreement covering all present and after acquired property and a first fixed and floating charge debenture of $1 million over the assets in the Company.

4. Share capital:

Authorized share capital of the Company consists of an unlimited number of common voting shares, unlimited number of first preferred shares and an unlimited number of second preferred shares. No preferred shares have been issued.

a) The following summarizes the movement in the share capital account for the year:

	Number of shares June 30	
	2002	**2001**
Opening balance	12,048,809	12,048,809
Flow through shares issued	200,000	-
Options exercised	1,110,000	-
Closing balance	13,358,809	12,048,809

	Amount June 30	
	2002	**2001**
Opening balance	$ 1,221,440	$ 1,221,440
Flow through shares issued	10,600	-
Options exercised	55,500	-
Closing balance	$ 1,287,540	$ 1,221,440

Notes to Financial Statements
June 30, 2002

4. Share capital (continued):

Proceeds on the issue of flow through shares was $20,000. Share capital was then reduced by the related future income taxes of $9,400.

b) Pursuant to a stock option plan for directors, officers and consultants, there were 110,000 options outstanding at June 30, 2002 (2001 – 1,140,000). The options entitle the holders to acquire 110,000 common shares of the Company for $0.05 per common share. All stock options have vested. If not exercised, these options will expire in November 2005 and December 2006. Common shares have been reserved at June 30, 2002 to meet the requirements of the stock options.

5. Income taxes:

The Company has non-capital losses for income tax purposes of approximately $457,000 (2001 - $515,700) which are available to be carried forward, and applied against future taxable income. If unused, these losses will expire at various times to the year 2006. The Company's income tax value of assets exceeds their book value by $602,000 (2001 - $549,200). The potential benefit of these amounts has not been recognized in these financial statements.
Since unrecognized tax benefits already exist, the recovery of income taxes on the statement of operations and deficit differs from the recovery of income taxes which would be expected by applying the federal and provincial income tax rates to the loss for the year.

6. Related party transactions:

a) Accounts receivable include $4,641 (2001 - $4,641) due from a company controlled by a director. The balance is expected to be repaid in fiscal 2003.

b) General and administrative expenses include $10,400 (2001 - $8,060) of charges by a company controlled by a director relating to the Company's share of rent. This company also charges amounts for postage, courier and other office expenses based on actual usage. At June 30, 2002, $3,347 (2001 - $9,046) was included in accounts payable.

Notes to Financial Statements
June 30, 2002

6. Related party transactions (continued):

c) The amounts due to related parties bear interest at 9% and have no fixed terms of repayment. The companies have indicated that they will not demand repayment in fiscal 2003. The companies are controlled by an individual, who is a shareholder and director of Siga Resources Limited. Interest paid in the year to related parties amounted to $9,853 (2001 - $1,178). These companies also participate in various oil and gas ventures with the Company.

7. Remuneration of officers and directors:

The aggregate remuneration paid or payable in the year to directors and senior officers, as defined in the Alberta Business Corporations Act, amounted to $24,000 (2001 - $25,000).

8. Financial instruments:

The Company's financial instruments that are included in the balance sheet are comprised of accounts receivable and accounts payable. The fair value of these financial instruments, approximate their carried amount.

A substantial portion of the Company's accounts receivable, are with customers in the oil and gas industry and are subject to normal industry credit risk.

9. Statement of cash flow:

The changes in non-cash working capital are comprised of:

	2002	2001
Decrease in accounts receivable	$ 4,456	$ 11,861
Decrease (increase) in prepaid expenses	(683)	2,416
Increase (decrease) in accounts payable	26,052	(102,324)
	$ 29,825	$ (88,047)

Cash interest paid on long term debt amounted to $33,127 (2001 - $15,930).

Notes to Financial Statements
June 30, 2002

10. Contingent liability:

The Company has been named as a defendant in a lawsuit. The outcome of the lawsuit along with the potential liability, if any, arising from the lawsuit is not determinable at this time. As a result, no liability has been reflected in these financial statements.

CORPORATE INFORMATION

Head Office

400, 333 – 5th Avenue S.W.
Calgary, Alberta T2P 3B6
Telephone: (403) 262-5075
Facsimile: (403) 265-3357

Auditors

Garrett Power Chartered Accountants
Calgary, Alberta

Directors

Murray J. Berg, Chairman of the Board
Kim A. McKay, President
Robert S. Bruce
Tibor Fekete
John L. Reid-Bicknell

Solicitors

Macleod Dixon
Calgary, Alberta

Officers

Murray J. Berg, Chairman of the Board
Kim A. McKay, President
Julia Turnbull, Corporate Secretary

Bank

Alberta Treasury Branches
2nd Floor, 239 – 8th Avenue S.W.
Calgary, AB T2P 1B9

Listing Information

Canadian Venture Exchange
Symbol: "SIG"

Standard Abbreviations

BBL = Barrel
MCF = Thousand cubic feet
BOPD = Barrels of oil per day
MCFD = Thousand cubic feet per day
BOE = Barrel of oil equivalent (gas converted to oil @ 6 MCF equal to 1 BBL)

CORPORATE INFORMATION

Head Office

Directors

Officers

Standard Abbreviations